

117TH CONGRESS  
1ST SESSION

# H. R. 2984

To amend the Internal Revenue Code of 1986 to provide a credit for employer-provided worker training.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 4, 2021

Mr. KRISHNAMOORTHI (for himself, Mr. VAN DREW, Mr. MEUSER, Mr. EMMER, Ms. SPANBERGER, Ms. WILD, and Mrs. AXNE) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and Labor, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for employer-provided worker training.

1       *Be it enacted by the Senate and House of Representa-  
2       tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Investing in American  
5       Workers Act”.

6       **SEC. 2. EMPLOYER-PROVIDED WORKER TRAINING CREDIT.**

7       (a) IN GENERAL.—

1                             (1) DETERMINATION OF CREDIT.—Subpart D  
2                             of part IV of subchapter A of chapter 1 of the Inter-  
3                             nal Revenue Code of 1986 is amended by adding at  
4                             the end the following new section:

5                             **“SEC. 45U. EMPLOYER-PROVIDED WORKER TRAINING**  
6                             **CREDIT.**

7                             “(a) IN GENERAL.—For purposes of section 38, the  
8                             employer-provided worker training credit under this sec-  
9                             tion for the taxable year is an amount equal to 20 percent  
10                            of the excess (if any) of—

11                            “(1) the qualified training expenditures for the  
12                            taxable year, over

13                            “(2) the average of the adjusted qualified train-  
14                            ing expenditures for the 3 taxable years preceding  
15                            the taxable year for which the credit is being deter-  
16                            mined.

17                            “(b) QUALIFIED TRAINING EXPENDITURES.—For  
18                            purposes of this section—

19                            “(1) IN GENERAL.—The term ‘qualified train-  
20                            ing expenditures’ means any expenditures for the  
21                            qualified training of any non-highly compensated  
22                            employee. Such term shall not include any amounts  
23                            paid for meals, lodging, transportation, or other  
24                            services incidental to such qualified training.

25                            “(2) QUALIFIED TRAINING.—

1                 “(A) IN GENERAL.—For purposes of para-  
2                 graph (1), the term ‘qualified training’ means  
3                 training which results in the attainment of a  
4                 recognized postsecondary credential and which  
5                 is provided through—

6                         “(i) an apprenticeship program reg-  
7                 istered under the Act of August 16, 1937  
8                 (commonly known as the ‘National Ap-  
9                 prenticeship Act’; 50 Stat. 664, chapter  
10                 663; 29 U.S.C. 50 et seq.);

11                         “(ii)(I) a program of training services  
12                 which is listed under section 122(d) of the  
13                 Workforce Innovation and Opportunity Act  
14                 (29 U.S.C. 3152(d)), or

15                         “(II) an apprenticeship program  
16                 which is registered or approved by a recog-  
17                 nized State apprenticeship agency (which  
18                 uses a State apprenticeship council) in ac-  
19                 cordance with section 1 of the Act referred  
20                 to in clause (i),

21                         “(iii) a program which is conducted  
22                 by an area career and technical education  
23                 school, a community college, or a labor or-  
24                 ganization, or

1                     “(iv) a program which is sponsored  
2                     and administered by an employer, industry  
3                     trade association, industry or sector part-  
4                     nership, or labor organization.

5                     “(B) RELATED DEFINITIONS.—In sub-  
6                     paragraph (A):

7                         “(i) AREA CAREER AND TECHNICAL  
8                     EDUCATION SCHOOL.—The term ‘area ca-  
9                     reer and technical education school’ means  
10                     such a school, as defined in section 3 of  
11                     the Carl D. Perkins Career and Technical  
12                     Education Act of 2006 (20 U.S.C. 2302),  
13                     which participates in a program under that  
14                     Act (20 U.S.C. 2301 et seq.).

15                         “(ii) COMMUNITY COLLEGE.—The  
16                     term ‘community college’ means an institu-  
17                     tion which—

18                         “(I) is a junior or community col-  
19                     lege as defined in section 312(f) of the  
20                     Higher Education Act of 1965 (20  
21                     U.S.C. 1058(f)), except that the insti-  
22                     tution need not meet the requirements  
23                     of paragraph (1) of that section, and

1                         “(II) participates in a program  
2                         under title IV of that Act (20 U.S.C.  
3                         1070 et seq.).

4                         “(iii) INDUSTRY OR SECTOR PARTNER-  
5                         SHIP.—The term ‘industry or sector part-  
6                         nership’ has the meaning given such term  
7                         under section 3 of the Workforce Innova-  
8                         tion and Opportunity Act (29 U.S.C.  
9                         3102).

10                         “(iv) INDUSTRY TRADE ASSOCIA-  
11                         TION.—The term ‘industry trade associa-  
12                         tion’ means an organization which—

13                         “(I) is described in paragraph (3)  
14                         or (6) of section 501(c) of the Inter-  
15                         nal Revenue Code of 1986 and exempt  
16                         from taxation under section 501(a) of  
17                         such Code, and

18                         “(II) is representing an industry.

19                         “(v) LABOR ORGANIZATION.—The  
20                         term ‘labor organization’ means a labor or-  
21                         ganization, within the meaning of the term  
22                         in section 501(c)(5) of the Internal Rev-  
23                         enue Code of 1986.

24                         “(vi) RECOGNIZED POSTSECONDARY  
25                         CREDENTIAL.—The term ‘recognized post-

1           secondary credential’ means a credential  
2           consisting of an industry-recognized certifi-  
3           cate or certification, a certificate of com-  
4           pletion of an apprenticeship, a license rec-  
5           ognized by the State involved or Federal  
6           Government, or an associate or bacca-  
7           laureate degree.

8           “(3) NON-HIGHLY COMPENSATED EMPLOYEE.—  
9           For purposes of paragraph (1), the term ‘non-highly  
10          compensated employee’ means an employee of the  
11          taxpayer whose remuneration for the taxable year  
12          for services provided to the taxpayer does not exceed  
13          \$82,000.

14          “(c) ADJUSTED QUALIFIED TRAINING EXPENDI-  
15          TURES.—For purposes of this section, the term ‘adjusted  
16          qualified training expenses’ means, with respect to any  
17          taxable year—

18           “(1) the qualified training expenses for such  
19          taxable year, multiplied by

20           “(2) the cost-of-living adjustment determined  
21          under section 1(f)(3) for the calendar year in which  
22          the taxable year for which the credit is being deter-  
23          mined begins, except that section 1(f)(3)(A)(ii) shall  
24          be applied by using the CPI for the calendar year  
25          in which the taxable year in which qualified training

1       expenses were paid or incurred begins in lieu of the  
2       CPI for calendar year 1982.

3       “(d) SPECIAL RULES.—For purposes of this sec-  
4       tion—

5           “(1) SPECIAL RULE IN CASE OF NO QUALIFIED  
6       TRAINING EXPENDITURES IN ANY OF 3 PRECEDING  
7       TAXABLE YEARS.—

8           “(A) TAXPAYERS TO WHICH PARAGRAPH  
9       APPLIES.—The credit under this section shall  
10      be determined under this paragraph if the tax-  
11      payer has no qualified training expenditures in  
12      any one of the 3 taxable years preceding the  
13      taxable year for which the credit is being deter-  
14      mined.

15           “(B) CREDIT RATE.—The credit deter-  
16      mined under this paragraph shall be equal to  
17      10 percent of the adjusted qualified training ex-  
18      penditures for the taxable year.

19           “(2) AGGREGATION AND ALLOCATION OF EX-  
20      PENDITURES, ETC.—Rules similar to the rules of  
21      paragraphs (1), (2), (3), (4), and (5) of section  
22      41(f) shall apply.

23       “(e) ELECTION TO APPLY CREDIT AGAINST PAY-  
24      ROLL TAXES.—

1           “(1) IN GENERAL.—At the election of a qual-  
2       ified small business or a qualified tax-exempt organi-  
3       zation (as defined in section 3111(e)(5)(A)) for any  
4       taxable year, section 3111(g) shall apply to the pay-  
5       roll tax credit portion of the credit otherwise deter-  
6       mined under subsection (a) for the taxable year and  
7       such portion shall not be treated (other than for  
8       purposes of section 280C) as a credit determined  
9       under subsection (a).

10          “(2) PAYROLL TAX CREDIT PORTION.—For  
11       purposes of this subsection, the payroll tax credit  
12       portion of the credit determined under subsection  
13       (a) with respect to any qualified small business or  
14       qualified tax-exempt organization for any taxable  
15       year is the least of—

16           “(A) the amount specified in the election  
17       made under this subsection,

18           “(B) the credit determined under sub-  
19       section (a) for the taxable year (determined be-  
20       fore the application of this subsection), or

21           “(C) in the case of a qualified small busi-  
22       ness other than a partnership or S corporation,  
23       the amount of the business credit carryforward  
24       under section 39 carried from the taxable year

(determined before the application of this subsection to the taxable year).

3               “(3) QUALIFIED SMALL BUSINESS.—For pur-  
4               poses of this subsection—

5                         “(A) IN GENERAL.—The term ‘qualified  
6                         small business’ means, with respect to any tax-  
7                         able year—

8                         “(i) a corporation or partnership if  
9                         the gross receipts (as determined under the  
10                        rules of section 448(c)(3), without regard  
11                        to subparagraph (A) thereof) of such enti-  
12                        ty for the taxable year is less than  
13                        \$5,000,000, and

17                             “(I) by substituting ‘person’ for  
18                             ‘entity’ and

“(B) LIMITATION.—Such term shall not include an organization which is exempt from taxation under section 501.

## 1       “(4) ELECTION.—

2               “(A) IN GENERAL.—Any election under  
3               this subsection for any taxable year—4                       “(i) shall specify the amount of the  
5                       credit to which such election applies,6                       “(ii) shall be made on or before the  
7                       due date (including extensions) of—8                       “(I) in the case of a partnership,  
9                       the return required to be filed under  
10                      section 6031,11                      “(II) in the case of an S corpora-  
12                      tion, the return required to be filed  
13                      under section 6037, and14                      “(III) in the case of any other  
15                      qualified small business or qualified  
16                      tax-exempt organization, the return of  
17                      tax for the taxable year, and18                      “(iii) may be revoked only with the  
19                      consent of the Secretary.20                      “(B) LIMITATION.—The amount specified  
21                      in any election made under this subsection shall  
22                      not exceed \$250,000.23                      “(C) SPECIAL RULE FOR PARTNERSHIPS  
24                      AND S CORPORATIONS.—In the case of a part-  
25                      nership or S corporation, the election made

1       under this subsection shall be made at the enti-  
2       ty level.

3           **“(5) AGGREGATION RULES.—**

4           **“(A) IN GENERAL.—**Except as provided in  
5       subparagraph (B)—

6                  “(i) all members of the same con-  
7       trolled group of corporations shall be treat-  
8       ed as a single taxpayer, and

9                  “(ii) all trades or businesses (whether  
10      or not incorporated) which are under com-  
11      mon control shall be treated as a single  
12      taxpayer.

13           **“(B) SPECIAL RULES.—**For purposes of  
14      this subsection and section 3111(g)—

15                  “(i) each of the persons treated as a  
16       single taxpayer under subparagraph (A)  
17       may separately make the election under  
18       paragraph (1) for any taxable year, and

19                  “(ii) the \$250,000 amount under  
20       paragraph (3)(B) shall be allocated among  
21       all persons treated as a single taxpayer  
22       under subparagraph (A) in the manner  
23       provided by the Secretary which is similar  
24       to the manner provided under section  
25       41(f)(1).

1                 “(6) REGULATIONS.—The Secretary shall pre-  
2                 scribe such regulations as may be necessary to carry  
3                 out the purposes of this subsection, including—

4                     “(A) regulations to prevent the avoidance  
5                 of the purposes of the limitations and aggrega-  
6                 tion rules under this subsection,

7                     “(B) regulations to minimize compliance  
8                 and recordkeeping burdens under this sub-  
9                 section,

10                  “(C) regulations for recapturing the ben-  
11                 efit of credits determined under section 3111(g)  
12                 in cases where there is a recapture or a subse-  
13                 quent adjustment to the payroll tax credit por-  
14                 tion of the credit determined under subsection  
15                 (a), including requiring amended income tax re-  
16                 turns in the cases where there is such an ad-  
17                 justment, and

18                  “(D) regulations for the collection of demo-  
19                 graphic information with respect to the race,  
20                 ethnicity, and gender of the individuals with re-  
21                 spect to whom a taxpayer makes qualified train-  
22                 ing expenditures for which a credit is allowed  
23                 under this section.”.

24                  (2) CREDIT PART OF GENERAL BUSINESS  
25                 CREDIT.—Section 38(b) of the Internal Revenue

1       Code of 1986 is amended by striking “plus” at the  
2       end of paragraph (32), by striking the period at the  
3       end of paragraph (33) and inserting “, plus”, and  
4       by adding at the end the following new paragraph:

5               “(34) the employer-provided worker training  
6       credit determined under section 45U(a).”.

7               (3) COORDINATION WITH DEDUCTIONS.—Sec-  
8       tion 280C of the Internal Revenue Code of 1986 is  
9       amended by adding at the end the following new  
10      subsection:

11          “(i) EMPLOYER-PROVIDED WORKER TRAINING  
12 CREDIT.—No deduction shall be allowed for that portion  
13 of the expenses otherwise allowable as a deduction taken  
14 into account in determining the credit under section 45U  
15 for the taxable year which is equal to the amount of the  
16 credit determined for such taxable year under section  
17 45U(a).”.

18               (4) CLERICAL AMENDMENT.—The table of sec-  
19       tions for subpart D of part IV of subchapter A of  
20       chapter 1 of the Internal Revenue Code of 1986 is  
21       amended by adding at the end the following new  
22      item:

“Sec. 45U. Employer-provided worker training credit.”.

23          (b) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-  
24 IMUM TAX.—Subparagraph (B) of section 38(c)(4) of the  
25 Internal Revenue Code of 1986 is amended—

1                             (1) by redesignating clauses (x), (xi), and (xii)  
2                             as clauses (xi), (xii), and (xiii), respectively, and  
3                             (2) by inserting after clause (ix) the following  
4                             new clause:

5                                 “(x) the credit determined under sec-  
6                                 tion 45U with respect to an eligible small  
7                                 business (as defined in paragraph (5)(C),  
8                                 after application of rules similar to the  
9                                 rules of paragraph (5)(D)),”.

10                             (c) PAYROLL TAX CREDIT.—Section 3111 of the In-  
11                             ternal Revenue Code of 1986 is amended by adding at the  
12                             end the following new subsection:

13                             “(g) CREDIT FOR WORKER TRAINING EXPENSES.—  
14                                 “(1) IN GENERAL.—In the case of a taxpayer  
15                                 who has made an election under section 45U(e) for  
16                                 a taxable year, there shall be allowed as a credit  
17                                 against the tax imposed by subsection (a) for the  
18                                 first calendar quarter which begins after the date on  
19                                 which the taxpayer files the return specified in sec-  
20                                 tion 45U(e)(4)(A)(ii) an amount equal to the payroll  
21                                 tax credit portion determined under section  
22                                 45U(e)(2).

23                             “(2) LIMITATION.—The credit allowed by para-  
24                                 graph (1) shall not exceed the tax imposed by sub-  
25                                 section (a) for any calendar quarter on the wages

1       paid with respect to the employment of all individuals  
2       in the employ of the employer.

3           “(3) CARRYOVER OF UNUSED CREDIT.—If the  
4       amount of the credit under paragraph (1) exceeds  
5       the limitation of paragraph (2) for any calendar  
6       quarter, such excess shall be carried to the suc-  
7       ceeding calendar quarter and allowed as a credit  
8       under paragraph (1) for such quarter.

9           “(4) DEDUCTION ALLOWED FOR CREDITED  
10      AMOUNTS.—The credit allowed under paragraph (1)  
11      shall not be taken into account for purposes of de-  
12      termining the amount of any deduction allowed  
13      under chapter 1 for taxes imposed under subsection  
14      (a).”.

15       (d) SIMPLIFIED FILING FOR CERTAIN SMALL BUSI-  
16      NESSES.—The Secretary of the Treasury, in consultation  
17      with the Administrator of the Small Business Administra-  
18      tion, shall provide for a method of filing returns of tax  
19      and information returns required under the Internal Rev-  
20      enue Code of 1986 in a simplified format, to the extent  
21      possible, for employers with less than \$5,000,000 in an-  
22      nual gross receipts (as determined under guidance pro-  
23      vided by the Secretary).

24       (e) REGULATIONS RELATING TO POSTSECONDARY  
25      CREDENTIALS.—Not later than 1 year after the date of

1 the enactment of this Act, the Secretary of Labor, in con-  
2 sultation with the Secretary of the Treasury, shall issue  
3 regulations or other guidance applying the definition of  
4 the term “recognized postsecondary credential” as pro-  
5 vided in section 3 of the Workforce Innovation and Oppor-  
6 tunity Act (29 U.S.C. 3102).

7 (f) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to taxable years beginning after  
9 the date of the enactment of this Act.

